

Senate File 2328 - Introduced

SENATE FILE 2328
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SSB 3140)

A BILL FOR

1 An Act relating to the setoff procedures used by public
2 agencies.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8A.323, subsection 5, Code 2020, is
2 amended to read as follows:

3 5. Any fine that remains unpaid upon becoming delinquent
4 may be collected by the department of revenue pursuant to the
5 setoff procedures provided for in [section 8A.504 421.65](#). For
6 purposes of [this subsection](#), a fine becomes delinquent if
7 it has not been paid within thirty days of the date of the
8 issuance of the parking citation, unless a written request for
9 a hearing is filed as provided pursuant to the rules of the
10 department of revenue. If an appeal is filed and the citation
11 is upheld, the fine becomes delinquent ten days after the
12 issuance of the final decision on the appeal or thirty-one
13 days after the date of the issuance of the parking citation,
14 whichever is later.

15 Sec. 2. Section 8A.502, subsection 2, Code 2020, is amended
16 by striking the subsection.

17 Sec. 3. Section 96.11, subsection 16, Code 2020, is amended
18 to read as follows:

19 16. *Reimbursement of setoff costs.* The department shall
20 include in the amount set off in accordance with section ~~8A.504~~
21 [421.65](#), for the collection of an overpayment created pursuant
22 to [section 96.3, subsection 7](#), or section 96.16, subsection
23 4, an additional amount for the reimbursement of setoff costs
24 incurred by the department of ~~administrative services~~ revenue.

25 Sec. 4. Section 99D.2, subsection 3, Code 2020, is amended
26 to read as follows:

27 3. "*Claimant agency*" means a public agency as defined
28 in [section 8A.504 421.65, subsection 1](#), or the state court
29 administrator as defined in [section 602.1101](#).

30 Sec. 5. Section 99D.28, subsection 2, Code 2020, is amended
31 to read as follows:

32 2. The licensee is authorized and directed to withhold
33 any winnings of a debtor which are paid out directly by the
34 licensee subject to the lien created by [this section](#) and
35 provide notice of such withholding to the winner when the

1 winner appears and claims winnings in person. The licensee
2 shall pay the funds over to the collection entity which
3 administers the setoff program pursuant to section ~~8A.504~~
4 421.65.

5 Sec. 6. Section 99F.1, subsection 5, Code 2020, is amended
6 to read as follows:

7 5. "*Claimant agency*" means a public agency as defined
8 in section ~~8A.504~~ 421.65, subsection 1, or the state court
9 administrator as defined in section 602.1101.

10 Sec. 7. Section 99F.19, subsection 2, Code 2020, is amended
11 to read as follows:

12 2. The licensee is authorized and directed to withhold
13 any winnings of a debtor which are paid out directly by the
14 licensee subject to the lien created by this section and
15 provide notice of such withholding to the winner when the
16 winner appears and claims winnings in person. The licensee
17 shall pay the funds over to the collection entity which
18 administers the setoff program pursuant to section ~~8A.504~~
19 421.65.

20 Sec. 8. Section 99G.38, subsection 3, Code 2020, is amended
21 to read as follows:

22 3. The state of Iowa offset program, as provided in
23 section ~~8A.504~~ 421.65, shall be available to the authority to
24 facilitate receipt of funds owed to the authority.

25 Sec. 9. Section 217.34, Code 2020, is amended to read as
26 follows:

27 **217.34 Debt setoff.**

28 The investigations division of the department of inspections
29 and appeals and the department of human services shall provide
30 assistance to set off against a person's or provider's income
31 tax refund or rebate any debt which has accrued through written
32 contract, nonpayment of premiums pursuant to section 249A.3,
33 subsection 2, paragraph "a", subparagraph (1), subrogation,
34 departmental recoupment procedures, or court judgment and which
35 is in the form of a liquidated sum due and owing the department

1 of human services. The department of inspections and appeals,
 2 with approval of the department of human services, shall adopt
 3 rules under [chapter 17A](#) necessary to assist the department of
 4 ~~administrative services revenue~~ in the implementation of the
 5 setoff under [section 8A.504 421.65](#) in regard to money owed to
 6 the state for public assistance overpayments or nonpayment
 7 of premiums as specified in [this section](#). The department of
 8 human services shall adopt rules under [chapter 17A](#) necessary to
 9 assist the department of ~~administrative services revenue~~ in the
 10 implementation of the setoff under [section 8A.504 421.65](#), in
 11 regard to collections by the child support recovery unit and
 12 the foster care recovery unit.

13 Sec. 10. Section 234.8, Code 2020, is amended to read as
 14 follows:

15 **234.8 Fees for child welfare services.**

16 The department of human services may charge a fee for
 17 child welfare services to a person liable for the cost of the
 18 services. The fee shall not exceed the reasonable cost of the
 19 services. The fee shall be based upon the person's ability
 20 to pay and consideration of the fee's impact upon the liable
 21 person's family and the goals identified in the case permanency
 22 plan. The department may assess the liable person for the fee
 23 and the means of recovery shall include a setoff against an
 24 amount owed by a state agency to the person assessed pursuant
 25 to [section 8A.504 421.65](#). In addition the department may
 26 establish an administrative process to recover the assessment
 27 through automatic income withholding. The department shall
 28 adopt rules pursuant to [chapter 17A](#) to implement the provisions
 29 of [this section](#). [This section](#) does not apply to court-ordered
 30 services provided to juveniles which are a charge upon the
 31 state pursuant to [section 232.141](#) and services for which the
 32 department has established a support obligation pursuant to
 33 section 234.39.

34 Sec. 11. Section 252B.5, subsection 4, Code 2020, is amended
 35 to read as follows:

1 4. Assistance to set off against a debtor's income tax
 2 refund or rebate any support debt, which is assigned to
 3 the department of human services or which the child support
 4 recovery unit is attempting to collect on behalf of any
 5 individual not eligible as a public assistance recipient, which
 6 has accrued through written contract, subrogation, or court
 7 judgment, and which is in the form of a liquidated sum due
 8 and owing for the care, support, or maintenance of a child.
 9 Unless the periodic payment plan provisions for a retroactive
 10 modification pursuant to [section 598.21C](#) apply, the entire
 11 amount of a judgment for accrued support, notwithstanding
 12 compliance with a periodic payment plan or regardless of the
 13 date of entry of the judgment, is due and owing as of the date
 14 of entry of the judgment and is delinquent for the purposes of
 15 setoff, including for setoff against a debtor's federal income
 16 tax refund or other federal nontax payment. The department
 17 of human services shall adopt rules pursuant to [chapter 17A](#)
 18 necessary to assist the department of ~~administrative services~~
 19 revenue in the implementation of the child support setoff as
 20 established under [section 8A-504 421.65](#).

21 Sec. 12. Section 261.37, subsection 7, Code 2020, is amended
 22 to read as follows:

23 7. To establish an effective system for the collection of
 24 delinquent loans, including the adoption of an agreement with
 25 the department of ~~administrative services~~ revenue to set off
 26 against a defaulter's income tax refund or rebate the amount
 27 that is due because of a default on a loan made under this
 28 subchapter. The commission shall adopt rules under chapter
 29 17A necessary to assist the department of ~~administrative~~
 30 ~~services~~ revenue in the implementation of the student loan
 31 setoff program as established under [section 8A-504 421.65](#).
 32 The commission shall apply administrative wage garnishment
 33 procedures authorized under the federal Higher Education Act of
 34 1965, as amended and codified in 20 U.S.C. §1071 et seq., for
 35 all delinquent loans, including loans authorized under section

1 261.38, when a defaulter who is financially capable of paying
2 fails to voluntarily enter into a reasonable payment agreement.
3 In no case shall the commission garnish more than the amount
4 authorized by federal law for all loans being collected by the
5 commission, including those authorized under [section 261.38](#).

6 Sec. 13. Section 321.11A, subsection 1, Code 2020, is
7 amended to read as follows:

8 1. Notwithstanding [section 321.11](#), the department, upon
9 request, shall provide personal information that identifies
10 a person by the social security number of the person to the
11 following:

12 a. The department of revenue for the ~~purpose~~ purposes of
13 collecting debt and administering the setoff program pursuant
14 to section 421.65.

15 b. The judicial branch for the purpose of collecting court
16 debt pursuant to [section 602.8107](#).

17 ~~c. The department of administrative services for the purpose~~
18 ~~of administering the setoff program pursuant to [section 8A.504](#).~~

19 Sec. 14. Section 321.31, subsection 1, paragraph c, Code
20 2020, is amended to read as follows:

21 c. The director shall maintain a records system of
22 delinquent accounts owed to the state using information
23 provided through the computerized data bank established in
24 section 421.17. The department and county treasurers shall use
25 the information maintained in the records system to determine
26 if applicants for renewal of registration have delinquent
27 accounts, charges, fees, loans, taxes, or other indebtedness
28 owed to or being collected by the state as provided pursuant
29 to [section 8A.504](#) [421.65](#). The director, ~~the director of the~~
30 ~~department of administrative services~~, and the director of
31 revenue shall establish procedures for updating the delinquent
32 accounts records to add and remove accounts, as applicable.

33 Sec. 15. Section 321.40, subsection 6, paragraph a, Code
34 2020, is amended to read as follows:

35 a. The department or the county treasurer shall refuse

1 to renew the registration of a vehicle registered to the
 2 applicant if the department or the county treasurer knows that
 3 the applicant has a delinquent account, charge, fee, loan,
 4 taxes, or other indebtedness owed to or being collected by the
 5 state, from information provided pursuant to sections ~~8A.504~~
 6 ~~and~~ 421.17 and 421.65. An applicant may contest this action
 7 by initiating a contested case proceeding with the agency
 8 that referred the debt for collection pursuant to section
 9 ~~8A.504~~ 421.65. The department of revenue and the department
 10 of transportation shall notify the county treasurers through
 11 the distributed teleprocessing network of persons who owe
 12 such a delinquent account, charge, fee, loan, taxes, or other
 13 indebtedness.

14 Sec. 16. NEW SECTION. **421.65 Setoff procedures.**

15 1. *Definitions.* As used in this section, unless the context
 16 otherwise requires:

17 a. "*Obligor*" means a person, not including a public agency,
 18 who has been determined to owe a qualifying debt.

19 b. "*Public agency*" means a board, commission, department,
 20 including the department of revenue, or other administrative
 21 office or unit of the state of Iowa or any other state entity
 22 reported in the Iowa comprehensive annual financial report,
 23 or a political subdivision of the state, or an office or unit
 24 of a political subdivision. "*Public agency*" does include the
 25 clerk of the district court as it relates to the collection of
 26 a qualifying debt. "*Public agency*" does not include the general
 27 assembly or the office of the governor.

28 c. "*Public payment*" means any claim owed to an obligor by a
 29 public agency.

30 d. "*Qualifying debt*" means any of the following:

31 (1) Any debt, which is assigned to the department of
 32 human services, or which is owed to the department of human
 33 services for unpaid premiums under section 249A.3, subsection
 34 2, paragraph "a", subparagraph (1), or which the child support
 35 recovery unit is otherwise attempting to collect, or which the

1 foster care recovery unit of the department of human services
2 is attempting to collect on behalf of a child receiving foster
3 care provided by the department of human services.

4 (2) Any debt which is in the form of a liquidated sum due,
5 owing, and payable to the clerk of the district court.

6 (3) Any liquidated sum certain, owing and payable to a
7 public agency, with respect to which the public agency has
8 provided the obligor an opportunity to protest or challenge the
9 sum in a manner compliant with applicable law and due process,
10 and which has been determined as owing through the challenge
11 or protest or for which the time period provided by the public
12 agency to challenge or protest has expired.

13 2. *Setoff procedure.* The department shall establish and
14 maintain a procedure to set off against each public payment any
15 qualifying debt of the obligor owed to a public agency. The
16 procedure shall only apply when the department determines, in
17 its discretion, it is feasible and complies with applicable
18 law. The procedure shall meet the following conditions:

19 a. Each participating public agency shall obtain and forward
20 to the department the full name and social security number
21 of each obligor, or similar identifying information for an
22 obligor who is not a natural person, and any other information
23 concerning the person the department shall require. The
24 department shall cooperate with public agencies in the exchange
25 of information relevant to identifying public payments and
26 qualifying debt that may be subject to setoff. However, the
27 department shall provide only relevant information required by
28 a public agency. The information shall be held in confidence
29 and used for the purpose of setoff only. Section 422.72,
30 subsection 1, does not apply to this paragraph.

31 b. Each participating public agency shall, at least
32 annually, certify to the department the information required
33 by paragraph "a", the amount of each obligor's liability to
34 and the amount of each claim on the public agency, and that
35 all liabilities submitted constitute qualifying debt. The

1 department may, by rule, require more frequent certifications
2 or certifications of additional information about the
3 qualifying debt or the obligor. The department may, in its
4 discretion, review the accuracy of any certification made
5 pursuant to this paragraph.

6 *c.* The department may, by rule, establish a minimum amount
7 of liabilities and claims that may be setoff.

8 *d.* Upon submission of an allegation of liability by a
9 public agency, the department shall notify the public agency
10 whether the obligor is entitled to a public payment, and, if so
11 entitled, shall notify the public agency of the amount of the
12 obligor's entitlement and last address known to the department.
13 Section 422.72, subsection 1, does not apply to this paragraph.

14 *e.* Upon notice of entitlement to a public payment, the
15 department shall send written notification to the obligor and
16 any known co-payee of the public payment. The notification
17 shall contain the public agency's assertion of its rights to
18 all or a portion of the payment and of the public agency's
19 entitlement to recover the liability through the setoff
20 procedure, the basis of the assertion, the opportunity to
21 request that a jointly or commonly owned right to payment be
22 divided among owners, and the obligor's opportunity to give
23 written notice of intent to contest the setoff procedure or
24 that the debt is a qualifying debt.

25 *f.* Upon the request of an obligor or a co-payee of the
26 public payment received by the department within the time
27 period provided in the written notification, and upon receipt
28 of the full name and social security number of the co-payee,
29 or similar identifying information of a co-payee who is not a
30 natural person, the department shall notify the public agency
31 that the public agency shall divide a jointly or commonly owned
32 right to payment in the manner determined by the department.
33 Any jointly or commonly owned right to payment is rebuttably
34 presumed to be owned in equal portions by its joint or common
35 owners.

1 *g.* (1) Challenges under this section may be initiated only
2 by an obligor. The department's review of a challenge to a
3 setoff is not subject to chapter 17A.

4 (2) The obligor challenging the setoff shall submit a
5 written challenge in the manner provided in the notice, within
6 fifteen days of the date of the written notification of intent
7 to setoff.

8 (3) The department, upon receipt of a written challenge,
9 shall provide written notice of the challenge to the public
10 agency. The department shall review the information submitted
11 by the public agency prior to the setoff and shall obtain
12 additional information from the public agency if necessary to
13 establish that the liability is a qualified debt, or to verify
14 the identity of the obligor or the amount owed. The department
15 shall set a time, to occur within ten days of receipt of the
16 challenge, to review the relevant facts of the challenge with
17 the obligor. An alternative time may be set at the request
18 of the obligor. If the obligor does not participate in the
19 review at the scheduled time and an alternative time is not
20 requested and approved, the review shall take place without the
21 obligor being present. Information in favor of the obligor
22 and the public agency shall be considered in the review. Only
23 a determination that the debt is not a qualified debt or a
24 mistake of fact, including but not limited to a mistake in the
25 identity of the obligor or a mistake in the amount owed shall
26 be considered as a reason to deny or modify the setoff.

27 (4) If the department determines that a mistake of fact has
28 occurred or that the liability submitted does not constitute
29 a qualified debt, the public agency shall promptly return the
30 setoff funds to the original payee or payees unless there is
31 another qualifying debt available for setoff.

32 (5) If the department finds no mistake of fact and that the
33 liability is a qualified debt, the department shall provide a
34 notice of that effect to the obligor and the public agency, and
35 the public agency shall retain the funds subject to setoff.

1 (6) The obligor shall have the right to file an action for
2 wrongful setoff in district court within thirty days of the
3 date of the notice to the obligor provided in subparagraph (5),
4 either in the county where the obligor is located or the county
5 where the main office of the public agency is located. The
6 defendant in such action shall be the public agency, with an
7 additional copy of such petition to be served upon the office
8 of the attorney general. Actions under this section are in
9 equity and not actions at law and are an obligor's exclusive
10 remedy to challenge any action arising from or related to this
11 section.

12 (7) Recovery under this paragraph is limited to restitution
13 from the public agency of the amount that has been wrongfully
14 setoff or obtained by the public agency.

15 (8) A challenge under this subsection shall not be used to
16 extend, toll, or reopen the statute of limitations to challenge
17 or contest a qualified debt. Only mistakes of fact, failure
18 of the public agency to comply with the provisions of this
19 section, or a liability that is not a qualified debt, shall
20 constitute grounds for challenge under this subsection.

21 *h.* The department shall, after the department has sent
22 the notice to the obligor provided in paragraph "e", set off
23 the amount last certified by the public agency as owed to the
24 public agency against the public payment. The department
25 shall refund any balance of the payment to the obligor. The
26 department shall periodically transfer amounts set off to
27 the public agencies entitled to such amounts, reduced by any
28 fees charged for setoff. If an obligor gives written notice
29 of intent to contest a setoff, the public agency shall hold
30 a refund or rebate until final disposition of the challenge.
31 Upon completion of the setoff, the department shall provide
32 written notice of the completed setoff to the obligor and any
33 co-payees of the payment subject to offset.

34 *i.* The department's right to credit against tax due or
35 to become due under section 422.73 is not to be impaired by

1 a right granted to or a duty imposed upon the department by
2 this section. This section is not intended to impose upon the
3 department any additional requirement of notice, hearing, or
4 appeal concerning the right to credit against tax due under
5 section 422.73.

6 *j.* If the alleged liability is owing and payable to the
7 clerk of the district court and setoff as provided in this
8 section is sought, all of the following shall apply:

9 (1) The judicial branch shall prescribe procedures to
10 permit an obligor to contest the amount of the obligor's
11 liability to the clerk of the district court.

12 (2) The department shall, except for the procedures
13 described in subparagraph (1), provide for any other applicable
14 procedures concerning setoff as provided in this subsection.

15 (3) Upon completion of the setoff, the department shall
16 file, at least monthly, with the clerk of the district court a
17 notice of satisfaction of each obligation to the full extent of
18 all moneys collected in satisfaction of the obligation. The
19 clerk shall record the notice and enter a satisfaction for the
20 amounts collected. A separate written notice is not required.

21 3. *Priority.* In the case of multiple claims to payments
22 filed under this section, priority shall be given to claims
23 filed by the child support recovery unit or the foster care
24 recovery unit, next priority shall be given to claims filed
25 by the clerk of the district court, next priority shall be
26 given to claims filed by the investigations division of the
27 department of inspections and appeals, next priority shall be
28 given to claims that will be deposited into the state general
29 fund, and last priority shall be given to claims filed by other
30 public agencies. In the case of multiple claims in which the
31 priority is not otherwise provided by this subsection, priority
32 shall be determined in accordance with rules to be established
33 by the department.

34 4. *Authority of the director — other states.* The director
35 shall have the authority to enter into reciprocal agreements

1 with departments or agencies of other states that have
2 established a setoff procedure.

3 5. *Fees.* The department shall establish fees for use of the
4 setoff system to be paid by participating public agencies to
5 the department.

6 Sec. 17. Section 422.12G, subsection 2, Code 2020, is
7 amended to read as follows:

8 2. The director of revenue shall draft the income tax form
9 to allow the designation of contributions to the veterans trust
10 fund and to the volunteer fire fighter preparedness fund as
11 one checkoff on the tax return. The department of revenue,
12 on or before January 31, shall transfer one-half of the total
13 amount designated on the tax return forms due in the preceding
14 calendar year to the veterans trust fund and the remaining
15 one-half to the volunteer fire fighter preparedness fund.
16 However, before a checkoff pursuant to [this section](#) shall be
17 permitted, all liabilities on the books of the department of
18 ~~administrative services~~ and accounts identified as owing under
19 section ~~8A.504~~ [421.65](#) shall be satisfied.

20 Sec. 18. Section 422.12I, subsection 2, Code 2020, is
21 amended to read as follows:

22 2. The director of revenue shall draft the income tax form
23 to allow the designation of contributions to the foundation
24 fund on the tax return. The department, on or before January
25 31, shall transfer the total amount designated on the tax
26 form due in the preceding year to the foundation fund.
27 However, before a checkoff pursuant to [this section](#) shall be
28 permitted, all liabilities on the books of the department of
29 ~~administrative services~~ and accounts identified as owing under
30 section ~~8A.504~~ [421.65](#) shall be satisfied.

31 Sec. 19. Section 422.12K, subsection 2, Code 2020, is
32 amended to read as follows:

33 2. The director of revenue shall draft the income tax form
34 to allow the designation of contributions to the child abuse
35 prevention program fund on the tax return. The department of

1 revenue, on or before January 31, shall transfer the total
 2 amount designated on the tax return forms due in the preceding
 3 calendar year to the child abuse prevention program fund.
 4 However, before a checkoff pursuant to [this section](#) shall be
 5 permitted, all liabilities on the books of the department of
 6 ~~administrative services~~ and accounts identified as owing under
 7 section ~~8A.504~~ [421.65](#) shall be satisfied.

8 Sec. 20. Section 422.20, subsection 3, paragraph a, Code
 9 2020, is amended to read as follows:

10 a. Unless otherwise expressly permitted by ~~section 8A.504~~,
 11 [section 8G.4](#), [section 11.41](#), [section 96.11](#), subsection 6,
 12 section 421.17, subsections 22, 23, and 26, section 421.17,
 13 subsection 27, paragraph "k", [section 421.17](#), subsection 31,
 14 section 252B.9, [section 321.40](#), subsection 6, sections [321.120](#),
 15 [421.19](#), [421.28](#), [421.65](#), [422.72](#), and [452A.63](#), [this section](#), or
 16 another provision of law, a tax return, return information, or
 17 investigative or audit information shall not be divulged to any
 18 person or entity, other than the taxpayer, the department, or
 19 internal revenue service for use in a matter unrelated to tax
 20 administration.

21 Sec. 21. Section 422.72, subsection 3, paragraph a, Code
 22 2020, is amended to read as follows:

23 a. Unless otherwise expressly permitted by ~~section 8A.504~~,
 24 [section 8G.4](#), [section 11.41](#), [section 96.11](#), subsection 6,
 25 section 421.17, subsections 22, 23, and 26, section 421.17,
 26 subsection 27, paragraph "k", [section 421.17](#), subsection 31,
 27 section 252B.9, [section 321.40](#), subsection 6, sections [321.120](#),
 28 [421.19](#), [421.28](#), [421.65](#), [422.20](#), and [452A.63](#), [this section](#), or
 29 another provision of law, a tax return, return information, or
 30 investigative or audit information shall not be divulged to any
 31 person or entity, other than the taxpayer, the department, or
 32 internal revenue service for use in a matter unrelated to tax
 33 administration.

34 Sec. 22. Section 456A.16, subsection 7, Code 2020, is
 35 amended to read as follows:

1 7. The department shall adopt rules pursuant to [chapter 17A](#)
2 to implement [this section](#). However, before a checkoff pursuant
3 to [this section](#) shall be permitted, all liabilities on the
4 books of the department of ~~administrative services~~ revenue and
5 accounts identified as owing under [section 8A-504 421.65](#) shall
6 be satisfied.

7 Sec. 23. Section 602.8102, subsection 58A, Code 2020, is
8 amended to read as follows:

9 58A. Assist the department of ~~administrative services~~
10 revenue in setting off against debtors' income tax refunds
11 or rebates under [section 8A-504 421.65](#), debts which are due,
12 owing, and payable to the clerk of the district court as
13 criminal fines, civil penalties, surcharges, or court costs.

14 Sec. 24. Section 602.8107, subsection 4, paragraph a, Code
15 2020, is amended to read as follows:

16 a. [This subsection](#) does not apply to amounts collected for
17 victim restitution, the victim compensation fund, the criminal
18 penalty surcharge, sex offender civil penalty, drug abuse
19 resistance education surcharge, the law enforcement initiative
20 surcharge, county enforcement surcharge, amounts collected as
21 a result of procedures initiated under [subsection 5](#) or under
22 ~~section 8A-504 421.65~~, or fees charged pursuant to section
23 356.7.

24 Sec. 25. Section 642.2, subsection 4, Code 2020, is amended
25 to read as follows:

26 4. Notwithstanding [subsections 2, 3, 6, and 7](#), any
27 moneys owed to the child support obligor by the state, with
28 the exception of unclaimed property held by the treasurer
29 of state pursuant to [chapter 556](#), and payments owed to the
30 child support obligor through the Iowa public employees'
31 retirement system are subject to garnishment, attachment,
32 execution, or assignment by the child support recovery unit
33 if the child support recovery unit is providing enforcement
34 services pursuant to [chapter 252B](#). Any moneys that are
35 determined payable by the treasurer pursuant to section 556.20,

1 subsection 2, to the child support obligor shall be subject to
2 setoff pursuant to [section 8A.504 421.65](#), notwithstanding any
3 administrative rule pertaining to the child support recovery
4 unit limiting the amount of the offset.

5 Sec. 26. REPEAL. Section 8A.504, Code 2020, is repealed.

6 Sec. 27. TRANSITION PROVISIONS. Any rule, regulation,
7 form, order, or directive promulgated by the department of
8 administrative services as required to administer and enforce
9 the provisions of section 8A.504 prior to the effective date of
10 this Act shall continue in full force and effect until amended,
11 repealed, or supplemented by the department of revenue.

12 EXPLANATION

13 The inclusion of this explanation does not constitute agreement with
14 the explanation's substance by the members of the general assembly.

15 This bill relates to the setoff procedures used by public
16 agencies.

17 The bill repeals the setoff procedures administered by the
18 department of administrative services and contained in Code
19 section 8A.504 and reestablishes the setoff procedures under
20 the purview of the department of revenue. The bill updates
21 references to the setoff procedures accordingly throughout the
22 Code.

23 Pursuant to new Code section 421.65, the department of
24 revenue is required to establish and maintain a procedure to
25 set off against any claim owed to a person by a public agency
26 any liability of that person owed to a public agency, a support
27 debt being enforced by the child support recovery unit, or any
28 other qualifying debt. The bill also provides a process for an
29 obligor to challenge a setoff.

30 The bill provides that any rule, regulation, form, order,
31 or directive the department of administrative services adopted
32 prior to the effective date of the bill to administer Code
33 section 8A.504 is to continue in full force or effect until
34 the department of revenue amends, repeals, or supplements such
35 rule, regulation, form, order, or directive.